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## OLR Bill Analysis

### sHB 5515

#### ***AN ACT ALLOWING THE DESIGNATION OF AREAS WITHIN THE TOWNS OF THOMASTON AND WALLINGFORD AS ENTERPRISE ZONES.***

#### **SUMMARY:**

This bill (1) allows Thomaston and Wallingford each to designate an area of town as an enterprise zone and (2) requires the economic development commissioner to approve these designations by January 1, 2015. The bill describes the municipalities respectively as (1) having a population between 7,800 and 7,900 and an area of up to 12.2 square miles and (2) having a population of up to 50,000 in which a U.S. Postal Service Processing center that at any time employed at least 1,000 people is or was located. Generally, municipalities must be considered “distressed municipalities” to designate an area as an enterprise zone and the area they choose to designate must meet certain poverty or unemployment criteria. The bill allows Thomaston and Wallingford to designate an area as an enterprise zone without meeting these criteria.

The areas designated by each municipality, like existing enterprise zones, must consist of one or two contiguous census tracts, contiguous portions of such tracts, or a portion of an individual census tract, according to the most recent census. If the designated zone is covered by zoning, a portion of the area designated as an enterprise zone must be zoned for commercial or industrial activity. Businesses located in these zones receive the same benefits as those in existing enterprise zones.

EFFECTIVE DATE: July 1, 2014

#### **BACKGROUND**

##### ***Enterprise Zone Benefits***

Connecticut’s enterprise zone incentives are currently available in

17 state-approved enterprise zones, which by law are economically distressed areas no larger than two contiguous census tracts. The enterprise zone program mainly targets manufacturers and certain types of retail and service businesses that construct, expand, or rehabilitate facilities in the zones, thereby expanding local property tax bases, revitalizing run-down areas, and creating jobs. Benefits given to businesses in enterprise zones include:

1. property and real estate conveyance tax exemptions and corporation business tax credits mainly for developing facilities, with the state reimbursing municipalities for a portion of the revenue loss from the property tax exemption (CGS §§12-81, 12-498, & 12-217e); and
2. a 10-year corporation business tax credit for any newly formed corporations locating in the zones (CGS §12-271v).

The 17 enterprise zones are located in Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

#### **COMMITTEE ACTION**

Joint Favorable Substitute

Commerce Committee

Yea 17      Nay 0      03/20/2014